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February 13, 2002

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To: Primary Home Care / Family Care (PHC/FC) Provider Agencies

Subject: Long Term Care (LTC)  
Information Letter No. 02-02  
Implementation of the Vendor Fiscal Intermediary (VFI) Option

In compliance with Senate Bill 1586 of the 76th Legislature, the Texas Department of Human Services (DHS) implemented the Vendor Fiscal Intermediary (VFI) option effective January 1, 2002. The VFI option provides consumer-directed and consumer-managed services. The VFI option is not a new program but is a service model with a different payment option being offered under existing programs for particular services. Primary Home Care/Family Care (PHC/FC) clients may choose the VFI option for their services.

The PHC/FC VFI Provider Policy may be accessed at:

**<http://www.dhs.state.tx.us/programs/communitycare/vfi/index.html>**

The VFI provider policy incorporates the new rules and corresponding procedures that need to be followed by the PHC/FC VFI agencies effective January 1, 2002. This policy will be included in a future manual revision.

**REFERRAL PROCESS**

A PHC/FC agency must refer any client expressing interest in the VFI option to their DHS caseworker. Every new PHC/FC applicant will be offered the opportunity to participate in the VFI option. Current PHC/FC clients will be offered the opportunity to participate in the VFI option at their annual review or upon request. All PHC/FC clients must receive services through the Agency Option prior to participating in the VFI option.

The PHC/FC agency will be notified of the client's negotiated transfer date to the VFI option via Form 2101.

## **PHC/FC AGENCY PROCEDURES**

A PHC/FC client choosing the VFI option will be responsible for all personal assistance services provided under the VFI option. The PHC/FC agency is not responsible for providing any personal assistant services (including back-up services) if the client has chosen to receive his services under the VFI option. A client participating in the VFI option may contract with a DHS contracted PHC/FC agency to provide back-up services. The PHC/FC agency is not required to enter into a contract with VFI clients to provide back-up services.

A client who withdraws from the VFI option will receive services in the agency option for a minimum of three months (90 days) before being eligible to return to the VFI option.

With the passage of House Bill (HB) 456, a VFI client may choose to supervise the attendant's performing certain skilled nursing tasks. Please note that because PHC/FC does not provide skilled nursing services, HB456 does not apply to the PHC/FC program.

All clients eligible under the provisions of the Social Security Act, 1929(b) (1929(b) clients), must have assessments conducted by a Registered Nurse (RN) for their ongoing and annual reviews. Under the VFI option, the VFI agency selected does not provide any direct care services, and will not perform the assessments for 1929(b) clients. 1929(b) clients who choose the VFI option will be required to select a contracted PHC/FC provider agency to conduct their assessments, in addition to selecting a VFI agency.

The PHC/FC provider agency selected by the 1929(b) VFI client will be paid for conducting the assessment(s). The PHC/FC provider agency will be paid for one unit of nursing provided by a RN for each assessment conducted. The approved rate for one unit of nursing provided by an RN is \$33.81. 1929(b) clients who choose the VFI option will be required to allocate payment to the PHC/FC provider agency conducting the assessment(s) in their service budget. The PHC/FC provider agency selected to complete the assessment(s) for the 1929(b) VFI client will submit an invoice to the client so that payment can be made.

The PHC/FC agency chosen by the 1929(b) VFI client to conduct his assessments will be notified of the client's choice by the DHS caseworker. The caseworker will send the PHC/FC agency a copy of the Form 2101-Authorization that is sent to the VFI agency chosen by the 1929(b) VFI client. The PHC/FC agency will be notified via Form 2101-Referral, when an assessment for the 1929(b) VFI client is necessary. The PHC/FC agency RN will make a home visit to the 1929(b) VFI client to conduct the required assessment. The assessment will be conducted using Form 3050-A, Primary Home Care

Health Assessment/Individual Service Plan. Once the assessment has been completed, the PHC/FC agency will submit F. 3050-A, along with the 2101-Referral, to the DHS Regional Nurse for prior approval of the 1929(b) VFI client's PHC service plan change or annual review. The request for prior approval must be made within 14 days of receipt of the 2101-Referral. Please note that as with any 1929(b) client who have chosen the agency option, physicians' orders are not required for ongoing changes or annual reviews. Once prior approval has been requested, the PHC/FC agency will submit an invoice to the 1929(b) VFI client for payment. A 1929(b) VFI client must have assessments conducted for all changes to their service plan, as well as at his annual review.

An electronic version of this letter, as well as past Community Care Information Letters can be accessed at  
<http://www.dhs.state.tx.us/programs/communitycare/infoletters/index.html>.

Please contact your contract manager if you have any further question regarding this information.

Sincerely,

**Signature on file**

Becky Beechinor  
Assistant Deputy Commissioner  
Long Term Care Services

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